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C O N F I D E N T I A L SECTION 01 OF 03 MANAMA 000050

SIPDIS

STATE PASS USTR FOR J BUNTIN
COMMERCE FOR ITA/MAC/ONE LOUSTAUNAU AND HOFFMAN

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SUBJECT: CABINET RESHUFFLE EXPECTED VERY SOON; PM'S MEN MAY
BE MOVING OUT

Classified by Ambassador William T. Monroe for reasons 1.4
(b) and (d).

Summary

11. (C) The Bahraini press January 10 reported rumors of a cabinet shuffle to be announced within days or hours. While the press reports varied somewhat, it appear, if accurate, that five ministers would leave, two new ministers would be appointed, four ministers moved to new positions, two ministries closed, and ten ministries impacted by mergers or splits. Those reportedly departing would be Minister of Finance and National Economy (MOFNE) Saif, Minister of Cabinet Affairs Mutawwa, Minister of Information Hamar, Minister of Oil Shaikh Isa, and Minister of State Shoala. (Shaikh Isa told the Ambassador today he is not stepping down.) Joining the cabinet would be Bahrain Monetary Agency (BMA) Governor Shaikh Ahmed as MOFNE and University of Bahrain professor Fatima Al Belooshi as Minister of Social Affairs. Al Belooshi would be the second woman in the cabinet. The net result of the shuffle, if it plays out as described in the press, would be a diminution of PM Shaikh Khalifa's influence and increase in King Hamad and Crown Prince Salman's power within the cabinet. The PM may have agreed to the changes on the condition that his son, Minister of Transportation Shaikh Ali, be given the additional title of deputy Prime Minister. End Summary.

Many Changes in "Limited" Shuffle

12. (SBU) Newspapers January 10 were abuzz with reports of a planned cabinet reshuffle to be announced "within days or hours." The Cabinet discussed the issue during its regular January 9 session, chaired by Prime Minister Shaikh Khalifa bin Salman Al Khalifa. While the press reports were not identical, they agreed on many of the major items.

13. (SBU) While reports characterize the reshuffle as limited, the end result would be five (of 24) ministers sacked, two new ministers, four ministers moved to new positions in the cabinet, two ministries dissolved, and ten ministries impacted by either mergers or splits. In addition, the number of deputy prime ministers would increase from two to four. One of the new ministers is said to be University of Bahrain professor Fatima Al Belooshi as Minister of Social Affairs. She would join Minister of Health Nada Haffadh as the only women ministers. The other new minister is Shaikh Ahmed bin Mohammed Al Khalifa as Minister of Finance and National Economy. He is currently the Governor of the BMA, Bahrain's central bank.

Five Ministers Are Out

14. (SBU) The sackings have attracted the most attention. According to press reports, those leaving the cabinet are:

- Minister of Finance and National Economy Abdulla Saif (who negotiated and signed the bilateral free trade agreement);
- Minister of Cabinet Affairs Mohammed Mutawwa;
- Minister of Information Nabeel Hamar;
- Minister of Oil Shaikh Isa bin Ali Al Khalifa; and
- Minister of State Abdul Nabi Al Shoala.

Saif will be named Secretary General of the Economic Development Board (with minister rank), Mutawwa is rumored to be appointed Bahrain's Ambassador to France, Hamar could be an advisor to King Hamad or head of a government organization, and Shaikh Isa and Shoala are supposed to depart government service altogether.

15. (C) However, in a January 10 phone call, Minister of Oil Shaikh Isa told the Ambassador that contrary to the press reports, he would remain in the cabinet as Minister of Oil.

"I tried to retire," he said. He stated that the new cabinet would be sworn in on Tuesday, January 11, and he scheduled a previously requested meeting with the Ambassador on the same day.

Four Ministers Moving About

16. (SBU) Four ministers will move to new positions in the cabinet. Minister of Commerce Ali Saleh will become Minister of Municipalities and Agriculture, replacing Mohammed Al Sitry. Al Sitry will become minister of a newly merged Ministry of Justice and Islamic Affairs. Current Minister of Justice Jawad Al Arrayed will become a deputy Prime Minister, and Minister of Islamic Affairs and Deputy PM Shaikh Abdulla bin Khalid Al Khalifa will remain as deputy PM but lose the Islamic Affairs portfolio.

17. (SBU) The Ministries of Information and Cabinet Affairs will be dissolved. There has been discussion for some time about breaking the Ministry of Information into its component parts and establishing them as government agencies or government-owned companies. The Ministry will operate for the time being under the General Organization for Youth and Sport (GOYS), though there is no indication GOYS will be a permanent home. There has been no comment on the fate of current employees of the Ministry of Cabinet Affairs, but its functions could be folded into the Prime Ministry.

Mergers, Acquisitions, and Splits

18. (SBU) A number of ministries would merge or split. The Ministries of Industry and Commerce will be consolidated under current Minister of Industry Hassan Fakhro. The Ministries of Justice and Religious Affairs will be merged into one, and so returned to the status quo ante of two years ago when there was just one ministry. The Ministry of Electricity and Water will acquire the Ministry of Oil, and current Minister of Electricity and Water Shaikh Abdulla bin Salman Al Khalifa will be head of the larger ministry. The Public Works portfolio will be split off from the Ministry of Housing and Public Works and folded into a new Ministry of Public Works and Tenders under current Minister of State for Tenders Abdul Hussein Mirza. The Ministry of Labor and Social Affairs will be split, with current Minister Majid Al Alawi staying on as Minister of Labor and Fatima Al Belooshi becoming Minister of Social Affairs.

19. (SBU) The two current deputy prime ministers, Shaikh Abdulla bin Khalid and Deputy PM and Foreign Minister Shaikh Mohammed bin Mubarak Al Khalifa, will retain their positions. They will be joined by current Minister of Justice Jawad Al Arrayed, who will lose the Justice portfolio, and current Minister of Transportation Shaikh Ali bin Khalifa Al Khalifa, who will be both deputy PM and Transport minister. (Note: Shaikh Ali is PM Khalifa's son. End Note.)

Comment

10. (C) Keeping in mind that at this moment all the ministerial moves are press speculation, it appears that the PM comes out the loser. Of the five rumored to be leaving the cabinet, three are Shaikh Khalifa's men: Mutawwa, Saif, and Shoala. Cabinet newcomer BMA Governor Shaikh Ahmed is known to be very close to Crown Prince Salman (and, therefore, King Hamad). Of those who have bolstered their portfolios, Fakhro and Mirza also are in the King and Crown Prince's camp. Sitry, a Shia, has ties with the Shia bloc inside the lower house of parliament, the Council of Representatives, a group the King is seeking to encourage for having defied Shia calls for boycotting the 2002 parliamentary elections. Kicking Minister of Justice Jawad Al Arrayed upstairs to be deputy PM would be a loss for us: he is a reformer who led the GOB delegation on the USG-supported Southern Methodist University "Rule of Law" program in the U.S. in September 2004. Knowing he was being squeezed, the PM may have agreed to the changes on one condition: that his son, Shaikh Ali, be made deputy PM in addition to being Minister of Transportation. The PM had worked for years to appoint Shaikh Ali Minister of Interior, but these hopes were dashed when the King engineered the appointment of Shaikh Rashed last spring. If the cabinet shuffle plays out as described in the press, PM Khalifa will find himself with fewer friends and bases of support at the cabinet table.

MONROE